

VZCZCXRO9220
PP RUEHBC RUEHDE RUEHKUK RUEHROV
DE RUEHKU #0944/01 1700905
ZNY CCCCC ZZH
P 190905Z JUN 07
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 9391
INFO RUEHEE/ARAB LEAGUE COLLECTIVE PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 000944

SIPDIS

NOFORN
SIPDIS

STATE FOR NEA/ARP, EB, ECA
TREASURY FOR DAS AHMED SAEED, JONATHAN ROSE

E.O. 12958: DECL: 06/18/2017
TAGS: [ECON](#) [EDU](#) [EFIN](#) [KU](#) [PREL](#) [SCUL](#)
SUBJECT: LEADING ASSET MANAGEMENT COMPANY LAUNCHES KUWAIT
EDUCATION FUND

Classified By: Ambassador Richard LeBaron for reasons 1.4 (b) and (d).

¶1. (SBU) On June 17, Ambassador met with KIPCO Asset Management Company (KAMCO) Chairman Masaud Al-Hayat and senior executives to discuss KAMCO's launch of the Kuwait Education Fund. The Fund, established in collaboration with the National Offset Company (NOC), will invest in companies and financially feasible projects to improve education in Kuwait. (Note: NOC represents the Ministry of Finance in the administration of the Offset Program. The Offset Program requires foreign firms to invest 35 percent of the contract value for all civilian contracts equal to or greater than KD 10 million and all defense contracts equal to or greater than KD 1 million in the State of Kuwait. End note.)

¶2. (C/NF) According to KAMCO, a record 500,000 students are enrolled in Kuwait's education system, the result of both population growth and demographics -- over 60 percent of Kuwaitis are under the age of 21. GOK spending has not kept up with demand or advancements in education technology and other related areas. KAMCO hopes that greater investment will correct this shortcoming and has been working with the Ministry of Finance since 2002 to establish this fund. KAMCO recognizes that public sector buy-in is important and will meet with the Minister of Education shortly to coordinate long-term efforts.

¶3. (C/NF) The Fund had its first closing in May 2007 with initial capital of KD 5.8 million and KAMCO executives are optimistic. The Fund not only presents investors with a unique opportunity to contribute to Kuwait's future, said KAMCO Deputy General Manager Anthony Kyprianou, it also provides foreign companies a place to deposit their offset contributions worry free. Moreover, Offset obligated investors in the Fund will be credited with the maximum possible Offset multiplier of 5 (ie. a USD 7,000 investment = USD 35,000 towards Offset obligations), leading to a significant lowering of Offset-related expenses. KAMCO is still exploring investment opportunities and hopes to provide investors with returns over the long-term. The next planned subscription date for the Fund is December 2007. Key investors as of the first closing in May 2007 were: Doosan Heavy Industries and Construction Company, South Korea; Oerlikon Contraves S.p.A, Italy/Switzerland; Kuwait Fund for Arab Economic Development, Kuwait; Sultan Centre for General Trading and Contracting, Kuwait; United Gulf Bank, Bahrain (a KIPCO holding); and KAMCO, Kuwait.

¶4. (SBU) The Ambassador lauded KAMCO's vision and encouraged fund managers to reach out to existing youth organizations such as LOYAC - a Kuwaiti youth empowerment NGO - and INJAZ (Junior Achievement's Kuwait chapter). He further noted strong demand for specialized programs, including short-term

educational exchanges, and special education services, encouraging KAMCO to explore possibilities in these areas. He pointed to Amideast's successful program in Kuwait, noting the need to further expand these offerings.

Company Background

15. (C/NF) Established in 1988, KAMCO is a member of Kuwait Projects Company (Holding)(KIPCO) group, which is among the largest holding companies in the Middle East. KIPCO's Chairman is Shaykh Hamed Al-Sabah Al-Ahmad Al-Jaber Al-Sabah, son of the Amir of Kuwait. KAMCO has total revenues of KD 26.7 million and manages over KD 1.9 billion in assets. KAMCO posted a 322 percent increase year-on-year in first quarter 2007 net profits. Total company assets also increased by 25 percent year-on-year to KD 154 million. KAMCO initially focused on the real estate sector and expanded into banking and other sectors with the launch of the GOK's privatization plan in the 1990s. KAMCO then turned its sights to the technology sector. KAMCO is now using the proceeds from its 2006 sale of shares in NMTC (Wataniya Telecom) to expand its asset management and financial services base.

16. (SBU) The meeting was also attended by KAMCO General Manager Saudoun Ali, Burgan Bank (a KIPCO holding) Board Member Majed Al-Ajeel, KAMCO Deputy General Manager Anthony Kyprianou, KAMCO Head of Corporate Finance Faisal Sarkhou, and Econoff Leah Cato (notetaker).

***** *
For more reporting from Embassy Kuwait, visit:
<http://www.state.sgov.gov/p/nea/kuwait/?cable s>

KUWAIT 00000944 002 OF 002

Visit Kuwait's Classified Website:
<http://www.state.sgov.gov/p/nea/kuwait/>
***** *

LeBaron